



STATE BOARD OF EQUALIZATION
PROPERTY TAXES DEPARTMENT
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KATHLEEN CONNELL
State Controller, Sacramento

JAMES E. SPEED
Executive Director
No. 2002/035

TO COUNTY ASSESSORS AND INTERESTED PARTIES:

GUIDELINES FOR THE ASSESSMENT OF BILLBOARDS

Board staff have received several inquiries from taxpayers and assessors regarding the assessment of billboards. In an effort to provide such guidance and develop uniform guidelines, staff will present an analysis to the Board's Property Taxes Committee at its July 31, 2002 meeting.

Before drafting guidelines, staff will meet with interested parties to discuss issues related to the assessment of this type of property. The meeting will be held in Room 122 at the Board's headquarters in Sacramento on June 14, 2002, at 9:30 a.m.

As outlined below, the issues in need of discussion and clarification comprise the broad areas of classification and valuation.

Classification Issues

- Should a billboard be classified as personal property or as real property?
- If classified as real property, should a billboard be classified as a fixture or as a structure?

Valuation Issues

- What approach(es) to value is most applicable to billboards?
- If the cost approach is used, what direct and indirect costs should be included in the economic cost?
- If the income approach is used, what criteria should be used to adjust rents from comparable properties to arrive at an estimate of income for the subject property?
- What is the appropriate appraisal unit?
- If a billboard is classified as a fixture, thus constituting a separate appraisal unit for purposes of decline in value, how should such declines in value, if present, be estimated?

While the meeting will focus on the issues outlined above, interested parties may address other related issues of concern. Staff encourages interested parties to submit comments and suggestions in advance of the meeting. Please submit comments by June 10, 2002. For further information, or to submit comments and suggestions, please contact either Mr. Paul Lane at (916) 324-5828, Paul.Lane@boe.ca.gov, or Mr. Anthony Epolite at (916) 324-2642, Anthony.Epolite@boe.ca.gov. This letter and all future letters regarding this project will be posted on the Board's Web site and can be accessed by way of the following links: 1) Property Taxes, 2) Property Tax Committee Work Plans, and 3) Property Tax Committee Work Plans 2002.

Sincerely,

/s/ David J. Gau

David J. Gau
Deputy Director
Property Taxes Department

DJG:lt